

TOURISM PROMOTION AGENCIES: INTERNATIONAL EXPERIENCE AND BEST PRACTICES

Strategy Report for the Lebanon National Council for Tourism Promotion

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I. Organization, Activities, and Funding of Tourism Promotion

Only a few decades ago, government agencies played a very central role in tourism activities and encompassed all areas of tourism development, from building infrastructure to launching promotional campaigns. With the growing shift toward liberalization and privatization since the 1980s, however, many governments are now taking a less interventionist approach. Today, most state tourism agencies serve merely as a catalyst or coordinator for tourism development, supporting the initiatives of the private tourism industry.

A. Organizational Structure

The growing rationalization of tourism management has led to a separation of tourism policy and planning from marketing and promotional activities. In most countries, the central government agency – the National Tourism Administration (NTA) – serves as a coordinator of broad tourism policies and strategies. A separate, semi-autonomous body – the National Tourism Organization (NTO) – plays a more active role in formulating and implementing promotional strategies. The NTO frequently serves as a link to private industry associations, while the NTA acts as a coordinator for local and regional government agencies (see diagram).

National Tourism Administrations

A 1997 survey of NTAs by the World Tourism Organization (WTO) showed that responsibility for tourism comes under a wide variety of government ministries. In many countries, tourism is linked with the ministry of economic affairs or trade and industry; elsewhere it is linked with sports, national heritage, or environment ministries. In most countries, tourism's level of authority in government structures does not match its level of importance in economic terms. Only four countries in the WTO survey had full-time ministers of tourism – Lebanon, Jamaica, India, and Egypt.

Given the multi-disciplinary nature of the industry, tourism-related programs may fall under several different agencies. For example, the ministry of education may deal with training issues, while an economic development agency may administer and finance tourism development programs. In these cases, the NTA plays an important role as a coordinating body for these initiatives. In countries with strong regional tourism agencies, the NTA can also serve as a coordinator of various local and regional activities.

National Tourism Organizations

Many countries have created National Tourism Organizations (NTOs) to take on the marketing and promotional aspects of tourism. In most cases, the NTO is a statutory board or an executive agency of the NTA, meaning that it has a degree of autonomy from the government in its budget and decision-making powers. While NTOs may be public, semi-public, or private, the current trend around the world is towards semi-public NTOs, which involve a partnership between the private sector and the government.

Most semi-public NTOs are governed by a board of directors that includes representatives from private companies or industry associations. This structure allows for significant private sector input into the decision-making process. Other NTOs may receive part of their funding from private industry contributions, or they may contract out certain activities – such as hotel grading or publications – to the private sector.

While North America and Europe have used the semi-public NTO structure for a long time, many developing countries, such as Chile, Egypt, and Costa Rica, are moving in this direction. A major impediment for developing countries, however, can be the reluctance or inability of the private sector to contribute core funding to any joint promotional body. For example, South Africa's NTO (SATOUR) has experienced difficulties in convincing private industry to participate in a voluntary levy for promotional funding.

Other Public-Private Bodies

Countries without formal private involvement in the NTO often set up additional committees or partnerships to ensure a close working relationship between the public sector and the industry. Ireland's NTO (Bord Fáilte), for example, has recently stepped up private sector involvement in all of its activities. Ireland set up a special joint venture company, the Overseas Tourism Marketing Initiative, to ensure increased partnership with the private sector.

B. Functional Activities of NTOs and NTAs

NTAs

The decline of direct state involvement and investment in the tourism industry has gradually changed the functional activities of National Tourism Administrations. In most countries, NTAs were once involved in formulating national marketing plans, regulating, and owning/operating tourism facilities, but are now increasingly stepping away from these types of activities. In Tunisia, for example, the government owned 90 percent of the country's hotels in the 1970s, but has steadily reduced its involvement in favor of the private sector. Today, most NTAs serve in more of an advisory and coordination capacity (however, this is more true in developed countries than in developing countries).

The primary function of most NTAs is policy and planning activities. NTAs formulate the national tourism strategy for the country and set the broad parameters of tourism policy.

NTAs often coordinate the international aspects of the tourism industry, including dealing with trade issues that affect the country's tourism interests and dealing with membership in international tourism bodies.

Education and training are growing in importance in the tourism industry, and the NTA usually functions as a coordinating body for these efforts. The NTA may operate its own training institutes or programs, or it may provide support to independent training agencies. NTAs also act in an advisory capacity for tourism-related concerns that are managed by other government agencies, including consumer protection, protection of the natural environment, and national heritage protection. Although investment attraction and incentive schemes are usually administered by economic and industrial agencies, NTAs may also play a role in formulating investment attraction programs for the development of new tourism businesses.

NTAs are also decreasing their involvement in regulatory activities. In the past, many NTAs served as regulators and licensors for many tourism professions and businesses, including restaurants, hotels, and travel agents. Today, most NTAs in Europe, Asia, and the United States leave these licensing and regulatory activities to industry and professional associations. Many NTAs contract out hotel and restaurant classification schemes to the private sector (Ireland, New Zealand, and South Africa have all recently moved in this direction). In South America, heavy government licensing and regulations are still widely used in the industry. In Africa, responsibility for regulation has tended to devolve from NTAs to local authorities (for such areas as control of beaches and issuing business licenses).

It is increasingly common for all NTA activities (especially policy-making) to be done in consultation with other government agencies, local authorities, and the private sector. The multidisciplinary nature of the tourism industry means that tourism-related programs can be highly fragmented, and can involve multitudes of players. Given this problem, the NTA's most vital function is to serve as a coordinator of the many elements of the tourism industry.

CHANGES IN THE ROLE OF NTAS	
Through the 1980s	In the 1990s
<ul style="list-style-type: none"> • Independent promotion of the country • Little accountability of investments made • Wholly government-funded sector • Centered on base in home country • General promotion of country as a single entity marketing of regions to key tourist-generating countries 	<ul style="list-style-type: none"> • Promotion in partnership with private sector companies • Must demonstrate effectiveness of investments • Increasing use of private sector funds • Need for officers and staff to be located overseas • Increasing regionalization of countries, with independent marketing of regions to key tourist-generating countries

Source: World Tourism Organization, 1995.

NTOs

As tourists have grown more sophisticated and knowledgeable about different destinations and tourism products, there is an increasing demand on promotional agencies to provide greater levels of information. The growing demand for information from tourists and the travel trade requires promotional staff to be better trained and more responsive to industry needs. These changes have facilitated the shift in promotional and marketing activities to semi-public NTOs (major trends are highlighted in the chart below). The value of private sector involvement in these activities is that private industry tends to be more entrepreneurial, more responsive, and more aware of business trends than the public sector. The private sector brings important expertise in advertising and marketing to the NTO. A higher level of participation in tourism promotion bodies helps to ensure that marketing activities are done more effectively.

For this reason, national marketing and promotional activities are performed by the semi-public, semi-autonomous NTOs. The NTO typically conceptualizes the marketing campaign, designs the promotional strategies, and then implements the program. The NTO is also responsible for designing advertising literature, brochures, media advertisements, and other publications to support the marketing campaign; however, the actual production of these activities is sometimes contracted out to a private business. Most NTOs are also in charge of operating a network of overseas offices to market the country to foreign visitors. The promotion done by NTOs is usually a nation-wide campaign, designed to present a unified image of the country, and focuses on the international market. Domestic and regional marketing may be left to the country's local tourism agencies.

The actual degree of private sector involvement in NTOs varies widely. In some countries, private industry may only provide funding or sit on the board of directors. In other countries, private industry is directly involved and drawing up and implementing marketing plans. In North America, Europe, and Asia, many NTOs have taken on activities far beyond the scope of marketing and promotion. In Singapore, for example, the NTO also deals with product and infrastructure development, training, and licensing issues. South Africa's NTO collects industry data and statistics.

Responsibility for these kinds of issues is increasingly being shared between the public NTA and the semi-private NTO. Developing closer ties with the private sector through independent bodies like NTOs yields greater operational diversity for tourism promotion and allows for closer coordination throughout the industry.

CHANGES IN TOURISM PROMOTION	
Through the 1980s	In the 1990s
<ul style="list-style-type: none"> • Market trends analysis and market research • Brochure dependent • Large proportion of promotional budget spend on advertising and promotional material • Target primarily the agents and other information providers (customer passive) • Staff need only to be trained to deal with requests for basic information 	<ul style="list-style-type: none"> • Niche market studies, value marketing • Less reliance on brochures • Greater requirement to provide market-based information • Target primarily the customer, who plays an increasingly more active role in decision-making process • Staff need to be well-informed to deal with more sophisticated information

C. Funding for Tourism Promotion

National tourism budgets tend to be frequently modified, and often bear no relation to the volume of visitor arrivals or economic impact of the tourism industry. In the past, national tourism agencies depended on the availability of public funds, which placed them under the limitations of the government's budget constraints. For this reason, there is an increasing reliance on funding sources outside of the public sector.

NTAs typically receive all or most of their funding from the public sector. Public funding includes budgetary grants and allocations, as well as tourism-related taxes (such as a sales tax or bednight tax). In Singapore, for example, the tourism agency is entirely funded through a hotel bednight tax collected by the government. In some countries, a small share of the NTA budget may come from private contributions or commercial activities. In Colombia, for example, 76 percent of the tourism budget is raised through rentals of government-owned property. In Hong Kong, 10 percent of the budget comes from private sector contributions.

Funding for NTOs typically involves a mix of public and private sector sources. Some countries' NTOs receive a large proportion of their budget from private funds (for example, 40 percent for Maison de la France and 49 percent for the Netherlands Board of Tourism). Other countries are in an intermediate position, including Australia (34 percent of the budget is private), Ireland (21 percent), and Austria (20 percent). Other countries (such as Italy, Kenya, and Tunisia) receive all of their funding from the government. Although funding from the private sector is growing, it is still a modest share of the tourism budget in most smaller and developing countries.

In many countries, private sector funding is not included in the NTO's core budget. Private funds may not be automatic, and may be earned/bid for on a program by program basis.

In Hong Kong, Singapore, Malaysia, and India, for example, the core budgets for the NTOs excludes money raised by the private sector for joint promotional campaigns and revenues from commercial activities. The following chart illustrates the balance of public and private funding for tourism in select countries.

FUNDING FOR NATIONAL TOURISM BUDGETS						
Country	NTA Funding				NTO Funding	
	Central Govt.	Taxes	Private Funds	Other	Public Funds	Private Funds
Australia	100%				66%	34%
Austria	60%		20%	20%	80%	20%
Canada	100%				100%	+ addl. funds
Chile	75%		21%	4%	57.2%	42.8%
Colombia	81%			19%	100%	
Egypt	100%				75%	25%
France	100%				60%	40%
Germany	85%		15%		85%	15%
Guatemala		100%			100%	
Honduras	100%				100%	
Hong Kong		90%	10%		95%	5% + addl.
Hungary	100%				100%	
Iceland	75%		25%			
India	100%				100%	+ addl. funds
Ireland	80%			20%	79%	21%
Italy	100%				100%	
Jamaica	100%				100%	
Kenya	100%				100%	
Malaysia	100%				100%	+ addl. funds
Mauritius	100%				100%	
Mexico	100%				100%	
Netherlands	56%		44%		51%	49%
Paraguay	100%				100%	
Poland	100%				100%	
Singapore		100%			100%	+ addl. funds
South Africa	82%					
Spain	100%				100%	+ addl. funds
Sri Lanka	100%				100%	
Tunisia	100%				100%	
Zambia	98%		2%		100%	

Source: World Tourism Organization, 1991 & 1995.

A Comparison of NTAs and NTOs

	National Tourism Administration (NTA)	National Tourism Organization (NTO)
Type of agency:	Government	Typically semi-public
Functional Activities:	<ul style="list-style-type: none"> • Coordinating tourism players • Formulating national tourism policies and strategies • Dealing with international tourism issues • Advising other agencies on tourism interests • Investment attraction • Crisis management • Filling in gaps left by private sector 	<ul style="list-style-type: none"> • Formulating and implementing marketing campaigns • International promotional activities • Operating overseas promotion offices • Designing/producing publications and multimedia advertisements • Serving as a link between private sector and government
	<i>Shared Activities:</i> <ul style="list-style-type: none"> • Licensing and regulation • Hotel/restaurant classification • Training and education • Tourism product development • Market research and statistics 	
Funding:	Mostly public funding, through budget allocations or taxes.	Often a mix of private and public sector funding.

II. Benchmarking Tourism Promotion

The major difference in tourism promotion bodies is not the agencies themselves, or even the organizational structure. Most countries have the same kinds of tourism institutions (an NTA, an NTO, private associations, and regional/local bodies). What differentiates countries' promotional structures is balance of power of the government versus the private sector, the degree of involvement of private industry, and the relative power and autonomy of the NTO. In many developing countries, and in countries where tourism is in a transition stage (such as Eastern Europe), the government's role in tourism is still strong. In more and more countries, such as in Europe, North America, and East Asia, the balance of power for tourism promotion has shifted in favor of the NTO and private industry.

This trend toward public-private partnerships in tourism recognizes the important contributions that private industry can make to government promotional efforts. As the private sector is more entrepreneurial and responsive than the government, industry members can provide valuable expertise for market-driven promotional and marketing activities. While the government can provide a longer-term vision and guidance on tourism development, these functions can be leveraged by a meaningful role for private stakeholders. Public-private partnerships work best when there are formal mechanisms, such as an NTO or a consultative committee, to link companies and industry associations with the government agency.

The shift in emphasis toward private initiatives does not mean that there is no longer a relevant role for government in tourism promotion. Many aspects of tourism development can be considered public goods. Efforts such as nationwide image building, regulation, investment attraction, and infrastructure development may not be undertaken by the private sector alone, as their commercial benefits may not be immediately clear. Thus, the government still plays a key role in facilitating access to capital, land, and skilled employees. By providing nationwide guidance, the NTA can also become a unifying force for a fragmented and dispersed industry.

As mentioned earlier, there is often a marked difference in the tourism promotion structures of larger, more developed countries, and smaller, developing countries. Developing countries and countries in transition tend to have greater involvement of the government in tourism development and promotion. The NTAs in these countries often play a stronger role, and funding often comes solely from the public sector. At the same time, developing countries – especially smaller ones – tend to have fewer public resources to devote to tourism promotion. Thus, leveraging private sector involvement and funding can be a crucial step for strengthening promotional activities in smaller countries. As a small nation of 4 million people, Lebanon will face particular issues and needs in creating an appropriate tourism promotion structure. The following section illustrates examples of tourism promotion in countries that are similar in size to Lebanon (Singapore, Hong Kong, Ireland, New Zealand) or countries that are undergoing transition (South Africa). The experiences of these five countries may serve as useful models of public-private cooperation for Lebanon to draw on in redesigning its own tourism promotion structures.

HONG KONG

Organizational Structure & Functional Activities

The *Department of Economic Services* is the government department responsible for tourism activities. Within the department, there is a Commissioner for Tourism and two Assistant Commissioners who head up sections dealing with different aspects of tourism policy.

Functional Activities:

- Formulate tourism policy.
- Provide an institutional framework and financial support for the industry;
- Support the development of tourism-related infrastructure.

The *Hong Kong Tourism Association (HKTA)* is a semi-public national tourism organization responsible promotion and marketing activities. Private sector participation in HKTA is very strong, and industry is consulted on all matters pertaining to tourism policy, education, environmental issues, etc. HKTA has a 12-member Board of Directors, appointed by the government. Eleven of the Board members represent different sectors of the tourism industry, and the Chairman is the Secretary of the Department of Economic Services. HKTA has 17 overseas offices and a staff of 367.

Functional Activities:

- Implement promotional and marketing campaigns;
- Promote tourism product development;
- Coordinate public and private sector activities of the travel industry;
- Advise the government on tourism-related matters.

The *Tourism Task Force* was set up as a partnership between HKTA and industry members to jointly identify problems facing the industry in the near future.

Funding

Hong Kong's national tourism budget is drawn from both public and private sources. For the Department of Economic Services, 10 percent of funds come from the private sector, and 90 percent come from a hotel bednight tax. For the Hong Kong Tourist Association, 95 percent of funds are drawn from the government, and 5 percent from the private sector.

HKTA has to bid for government funding through a bidding document. Its 1,800 private members generate about US\$641,000 in annual dues. HKTA's government allocations are leveraged by additional private funds for joint promotional campaigns and by revenues from commercial activities. Major non-government sources of income include sale of publications (US\$28,200), sale of HK sightseeing tours (US\$1.4 million), fees for training courses (US\$112,800), private sector sponsorship of special events or campaigns (US\$718,000), participation in trade fairs (US\$538,500). Private sector funding for joint promotional campaigns is bid for on a project by project basis.

In 1996, Hong Kong's national tourism budget was approximately US\$27.6 million, and HKTA's budget was US\$28.6 million. HKTA currently receives supplemental appropriations from the government for special programs and activities. In 1996, the government established a US\$6.4 million Tourism Development Fund which is used to conduct feasibility studies on major projects and to improve existing facilities. A US\$12.9 million International Events Fund was created to support 50 major events over a five-year period. The government approved a supplemental US\$6.4 million for a major destination campaign in 1998.

IRELAND

Organizational Structure and Functional Activities

The *Department of Tourism, Sport, and Recreation* is the Irish government agency charged with coordinating tourism-related activities. Prior to the establishment of this department in 1997, tourism was part of the Department of Trade—the new Department was formed to create a focused approach to these inter-related areas. The Department of Tourism provides guidance on tourism policy, helps coordinate EU programs for tourism development, and serves as a liaison between other national and regional tourism bodies. There are four units within the Department which coordinate different aspects of tourism programs.

Functional Activities:

- The Tourism Promotion and Marketing Unit provides policy advice on tourism promotion, reviews the use of public funds by Bord Fáilte, and oversees the Overseas Tourism Marketing Initiative.
- The Tourism Product Development and Legislation Unit deals with the corporate activities and financial matters of statutory bodies, coordinates registration and grading of accommodations, and provides support and advice for tourism-related legislation.
- The Major Tourism and Sports Projects Unit is responsible for development of new tourism products, including policy formulation and financial assistance.
- The Tourism Training and International Unit monitors the performance of the tourism training agency, reviews the use of state funds for training, and services both the national Tourism Council and the Regional Tourism Marketing Initiative.

Bord Fáilte (the Irish Tourist Board) is an executive agency of the Department of Tourism responsible for tourism promotion and marketing activities. Bord Fáilte has increasingly focused on coordinating activities with the private sector, and it now has a board of directors composed mainly of private sector representatives. Many activities that were once performed by Bord Fáilte (such as funding decisions for EU grants) are now undertaken by independent and private sector bodies. Bord Fáilte has 235 staff and operates 13 foreign offices.

Functional Activities:

- Creating and implementing international promotional and marketing campaigns;
- Serving as a point of contact for EU grants

The *Council for Education, Recruitment, and Training (CERT)* is an executive agency dealing with the education and training of tourism personnel. Its services include identification of training needs, development of national training programs, and recruitment of tourism employees. CERT's services are provided through a network of regional offices, hotel and catering colleges, and training centers for the unemployed. CERT is governed by a council appointed by the Minister for Tourism, Sport, and Recreation. In 1982, CERT, in partnership with the Department of Education and Industry bodies, established the *National Tourism Certification Board (NTCB)* to develop a national system of assessment and certification for the tourism industry.

The *Overseas Tourism Marketing Initiative (OTMI)* is an independent unit of Bord F&ilte set up in 1995. It is a public-private partnership designed to promote Ireland in international markets in tandem with Bord F&ilte and the Northern Ireland Tourist Board. Through OTMI, destination marketing campaigns are jointly orchestrated by public sector bodies and over fifty commercial investors. The *Regional Tourism Marketing Initiative (RTMI)* was established in 1998 to provide similar services on a regional basis.

The *National Tourism Council* was created in 1993 to serve as a national forum for consultation between the tourism industry and the government. The Council provides guidance on formulation of tourism policy. The Tourism Council is chaired by the Minister for Tourism, Sport, and Recreation, and its membership includes Bord F&ilte, the Department of Tourism, CERT, other related state agencies, and 15 industry members.

Regional Tourism Authorities are responsible to Bord F&ilte. They operate tourist information offices and promote and develop tourism at a local level.

Funding

Bord F&ilte is primarily funded through the central government. Approximately 79 percent of the budget comes from government allocations, while the remainder is drawn from the private sector contributions and European Union social funds and grants. In 1995 Ireland's tourism budget was approximately US\$46.6 million. Over the period of 1994-99, Ireland will spend a total of US\$880 million on tourism, with US\$498 million from the EU, US\$101 million from the public sector and US\$271 million from the private sector.

Ireland receives additional tourism funding from the European Union. In 1998, the OTMI received over US\$6.7 million from the EU and Irish government. The training agency, CERT is funded by the Irish government and the EU Social Fund (US\$19.5 million). Concerns about the future availability of EU funding have led the government to examine the possibility of a small tourism levy to raise additional finances.

NEW ZEALAND

In recent years, New Zealand's tourism promotion activities have shifted among several different government agencies. Originally part of the Department of Commerce, the government decided in 1991 to split tourism functions into two bodies. The Ministry of Tourism (later renamed the Tourism Policy Group) would provide policy advice, and the New Zealand Tourism Board would undertake marketing. In 1998, Tourism Policy Group was shifted to the Office of Tourism and Sport in the Department of Internal Affairs.

Organizational Structure & Functional Activities

The *Office of Tourism and Sport, Department of Internal Affairs*, is the national government agency that deals with tourism policy.

Functional Activities:

- Represent the Government's tourism interests in international forums;
- Monitor overseas tourism trends;
- Administer grants for tourism development and oversee development of infrastructure.

The *New Zealand Tourism Board (NZTB)* was established in 1991 as the marketing body for the New Zealand tourism sector. NZTB operates 13 international offices, and is governed by a 10-member board drawn from private industry. The NZTB has recently undergone major institutional changes, including a new Minister, a new Chairman, a new Chief Executive, and a new organizational structure. NZTB has five sections, which deal with Corporate Services, Marketing, Operations, Industry Strategy, and Corporate Public Relations.

Functional Activities:

- Develop and implement tourism marketing strategies
- Provide advice to the Government and private industry on marketing.

The *Tourism Marketing Networks (TMN)* are public-private partnerships developed by NZTB in 1994 to facilitate cooperative marketing efforts in international markets. This joint promotional approach helps to create greater synergy between the Tourism Board's activities and the activities of the industry. There are currently TMNs for nine different tourism sectors, including skiing, sport fishing, nature tourism, and backpacking, and the structure for each TMN is determined by the key stakeholders in that sector. The role of the Tourism Board in the TMNs is to contribute market research and serve as an overall "destination marketing umbrella."

Tourism Industry Association of New Zealand (TIANZ) represents the interests of private tourism industry in New Zealand. It serves as an initial point of contact for the government when the private sector needs to be consulted on tourism-related issues.

Funding

New Zealand's tourism budget is funded as follows: 72 percent from government allocations, 24 percent from private contributions, and 4 percent from commercial programs.

SINGAPORE

Organizational Structure & Functional Activities

The *Ministry of Trade & Industry* is the national government agency that oversees tourism policy.

Functional Activities:

- Formulate and implement national tourism policies.

The *Singapore Tourism Board (STB)* is a statutory board set up by the government in 1964 to perform marketing activities. STB has more autonomy than other government departments, and its role has gradually expanded beyond promotional functions. The STB operates 18 overseas offices and has a staff of 450. It is governed by a 12-member board of directors drawn from relevant government departments and private industry. STB has four divisions—tourism marketing, corporate services, tourism business, and regional marketing.

STB's new philosophy of "Singapore Unlimited" emphasizes collective competitiveness. Through this philosophy, STB provides leadership, while working with private sector to leverage each sector's complementary strengths. STB has developed a close working relationship with private industry associations as well as with other Southeast Asian national tourism organizations.

Functional Activities

- Develop destination marketing campaigns;
- Establish travel agent licensing and tourist guide training programs;
- Encourage investment in tourism infrastructure;
- Attract meetings, conventions, and exhibitions to Singapore;
- Stage world-class sporting and arts activities;
- Develop new tourism products.

The *Destination Marketing Council* is a public-private partnership created by the STB to better integrate the marketing efforts of the public and private sectors. The Council allows the government to work with the private sector in creating a consistent tourism image for Singapore. The Council is led by the STB, with strong private sector involvement, helping to leverage the promotional resources of the industry.

Funding

The government of Singapore draws 100 percent of its tourism budget through revenues generated by a hotel bednight tax. All of STB's budget comes from government appropriations. STB received US\$215.7 million in public funds 1996, representing about 4.6 percent of total government expenditures. The government's expenditures on tourism are expected to remain at around 4.6 percent of the total budget through the year 2006. STB receives additional funding from the private sector for joint promotional campaigns.

SOUTH AFRICA

Since the end of the apartheid regime, South Africa's tourism industry has suffered from inadequate promotional funding and a lack of inclusive, effective governmental structures for the development, management, and promotion of the tourism sector. In 1996 the government of South Africa published a white paper entitled "Tourism in South Africa," which proposed a major overhaul of the country's tourism industry. While change has been slow and controversial, the result of this effort has been a major redesign of South Africa's tourism promotion agencies with an emphasis on public-private partnerships.

Organizational Structure & Functional Activities

The *Ministry of Environmental Affairs and Tourism* administers tourism activities and the national government level. The tourism and environmental sections do not work closely together, and in the past, the Tourism Department has been over-shadowed by the environmental division. Under-staffed and under-funded, the Tourism Department has traditionally had little capacity to meet the tangible needs of the industry.

Functional Activities:

- Formulate national tourism policy and strategy;
- Serve as a liaison among international, national, and provincial tourism-related efforts;
- Coordinate tourist safety programs, through the Tourism Safety Task Group;
- Monitor environmental issues related to the tourism industry.

SATOUR (South African Tourism) is a statutory body charged with the international marketing and promotion of South African tourism. Due to a growing lack of confidence in SATOUR's effectiveness and institutional capabilities, the body has been restructured and renamed in the past three years. Major changes include downsizing and appointment of a new executive director and management. As SATOUR had been too bureaucratic and "top-heavy" with administration, one-third of the staff was eliminated and a greater emphasis was placed on marketing personnel.

SATOUR is now governed by a 20-member board. Board representatives serve a three-year term and are drawn from the nine provinces, several regional and national associations, the Tourism Business Council, and private industry. SATOUR operates 10 international offices. Given the inadequacies of the national Ministry, SATOUR has typically been the strongest agency promoting tourism on a national level. It often takes on functions beyond its promotional and marketing mandate, including product development, hotel grading, and training.

Functional Activities:

- Formulate, implement, and monitor international marketing and promotional campaigns;
- Gather industry data, research, and statistics (information management);
- Setting industry standards.

Part of SATOUR's overhaul included a redesign of its Marketing Committee. The new *Marketing Partnership Committee* is public-private partnership which makes joint decisions on

SATOUR's major international promotional programs and serves as a forum for discussion between government and industry. The 12-member committee includes 6 representatives from SATOUR and 6 representatives from private industry who are specialists in marketing.

A new funding initiative has led to the creation of the *Tourism Forum*, another public private partnership. The Tourism Forum serves as a platform for discussion and coordination of tourism issues at senior levels. The Forum is chaired by the Deputy Minister of Environmental Affairs and Tourism, and includes eight senior-level government representatives and eight business representatives.

South Africa's provincial governments are playing an increasingly important role in tourism promotion. Each of the nine provinces operates a *Provincial Tourism Organization*, which coordinate provincial marketing campaigns and assist with local infrastructure development. In the past, there has been a great deal of imbalance among the different provinces in their funding and ability to carry out promotional activities. The increased autonomy of the provinces has also raised concerns about undermining the national brand image in the international market.

Major private sector organizations in South Africa include the *Tourism Business Council of South Africa* and the *South African Tourism Services Association*, which represent private sector interests and assist with such activities as hotel grading and tourism levy collection.

Funding

In 1999, SATOUR launched a voluntary levy of the tourism industry to leverage the low levels of funding it had been receiving from the government. This program imposes a 1 percent charge on customer accounts for all sectors of the tourism industry, which is paid directly into a tourism fund set up for collection purposes. The levy is expected to provide an additional US\$30-50 million for marketing purposes in its first year.

For 1999, SATOUR's expected budget is US\$150 million: up to US\$50 million from the levy, US\$50 million from the government, and US\$50 from national trust funds for job creation, training, and business development. SATOUR is also introducing a new commercialization program to enable it to generate more funds for international marketing.